

2011-12 – 1st QUARTER STATUS REPORT – Sr. Investment Officer, Global Fixed Income (C. Ishii)

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Quantitative Performance Measures

Total Fund Performance

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
40%	Return deviation in basis points relative to: Total Fund performance versus Total Fund benchmark {SJ1CA1 – CPERSTO2IC} *Cost-adjusted Benchmark	-13 basis points = 0 +13 basis points = 1.0 27 basis points = 1.5	+16 bps {(7.00) – (7.16)}

Total Global Fixed Income Performance

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
40%	Net of Fees, excess return in basis points relative to: Global Fixed Income Performance Benchmark {SJEKA1 – CPERGF2}	0 basis points = 0 27 basis points = 1.0 40 basis points = 1.5	-129 bps {6.49 – 7.78}

Other Internally Managed Fixed Income Funds

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
10%	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (4%) Sec Lending Internal & External Liquidity Collateral Reinvestment – CalPERS Blended LIBOR Fed Fund Index (Daily) {SX1DA1 – CPERLFFD} (1%) ILAC Commodities – GSCI Total Return Daily {SX1CA1 – CPERGSCI} (1%) Passive currency overlay portfolio – PERS PARETO CCR {SW5P – YETUIC2} (2%) CalPERS UST 2-10 – Barclays Treasury 2-10 yr {SWQZ – CPERSBG2} (2%) CalPERS Inflation-Linked Bonds – Barclays GI Inf-Linked {SWGN – CPERLTP1} 	0 basis points = 0 +5 basis points = 1.0 +7 basis points = 1.5 0 basis points = 0 +27 basis points = 1.0 +40 basis points = 1.5 -10 basis points = 0 0 basis points = 1.0 5 basis points = 1.5 0 basis points = 0 +5 basis points = 1.0 +7 basis points = 1.5 0 basis points = 0 +6 basis points = 1.0 +9 basis points = 1.5	+5 bps {0.07 – 0.02} -52 bps {(12.21) – (11.69)} -3 bps {(0.21) – (0.18)} -11 bps {4.53 – 4.64} +48 bps {2.34 – 1.86}

Qualitative Performance Measures (All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)

Leadership

Weight	Performance Measure
10%	<p><u>Enterprise-wide Leadership and Management</u> By June 30, 2012, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none"> • Maintaining an average position vacancy rate of 5% or less through the fiscal year 2011-12. • Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2012. • Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2012. • Maintain a 90% EPAD completion rate. • Address and resolve all outstanding audit findings within 12 months of audit report. • Dedicate 2 hours per month for Employee Recognition during the year through fiscal year 2011-12. • Ensure 100 percent compliance using the new diversity and inclusion performance factor in annual manager and supervisor performance reviews. • Complete the Executive D&I Development Journey course, including completion of all pre- and post-session work assignments. • Conduct at least two direct report team sessions on diversity and inclusion awareness. • Effectively manage all Operational resources within prescribed budget limits. • Conduct direct report sessions on renewal of our core values and guiding behaviors to ensure that we are adhering to these convictions at least once a quarter <p><u>Investment Office Leadership and Management</u> By June 30, 2012, contribute to the value creation, capacity building, and organization support for the Investment Office by:</p> <ul style="list-style-type: none"> • Strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity. • Participating in training, communication, and recognition activities and events. <p><u>Team Participation – Cross Asset Class Collaboration</u> By June 30, 2012, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Investment Proposal Tracking System, Operating Committee, and technology steering committees to improve investment performance, cost effectiveness, and manage risk.</p>
<p>1st Quarter Status:</p> <ul style="list-style-type: none"> • Vacancy at 8.6% (4/46) reflecting recent losses in the team due to competitive offers from other institutions. The one longer term vacancy was the SPM economist position where the head hunter has had problems finding qualified candidates. • No outstanding issues on the audit report for Fixed Income. • Recruited 3 external parties to aid in INVO, HR project. • Developed an alternative short term portfolio to reduce CalPERS exposure to European financials. • Submitted ACE award nomination. • Continued to be involved in INVO Roadmap Initiatives. • Active member in Investment Strategy Group. 	